GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1698
ANSWERED ON:14.03.2002
FAILURE OF VENDORS
GADDE RAMAMOHAN;PRABHUNATH SINGH

Will the Minister of DEFENCE be pleased to state:

(a) whether the Naval Headquarters agreed to waive off all penalties on account of failure of the vendors in fulfilling the contractual commitments though not competent to do that and also agreed to by the Defence Secretary during oral evidence and they did not follow the prescribed financial and administrative regime;

(b) if so, the action taken by the Government in the matter;

(c) whether any action has been taken to ensure the accountability of the officials to Parliament through his Ministry; and

(d) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (d): Contract for procurement of equipments for the Indian Navy is signed between the vendors and the Department of Defence for the NHQ or its subordinate formations depending upon the powers delegated to each formation. The penalty clauses like imposition of liquidated Damage or encashment of various warranty bonds and guarantees are as per the individual contracts. These are invoked after due deliberation, consultation with Internal Finance and with the approval of competent authority. In the absence of details of the specific contracts, no details can be given by the Ministry.